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IN THE

Supreme Court of the United States

OCTOBER TERM, 1970

No. 705

CHEMTRONICS, INC. and J. RYAN NEVILLE, *Petitioners*,

v.

BECKMAN INSTRUMENTS, INC. and LELAND C. CLARK, JR., *Respondents*.

BRIEF OF RESPONDENTS IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI

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PRESS OF BYRON S. ADAMS PRINTING, INC., WASHINGTON, D. C.

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Petitioners have requested this Court to grant a writ of certiorari to review that part of the order of the Court below which remands this case to the District Court for findings and conclusions with respect to Petitioners' antitrust counterclaim.[1] Respondents, Beckman Instruments, Inc., a manufacturer of medical and scientific instruments and Leland C. Clark, Jr., an independent scientist and inventor, oppose the petition. It is premature, and is foreclosed by this Court's rul-

[1] The opinion of the Court of Appeals is reported at 428 F.2d 555.

ing in *Walker Process Equipment, Inc.*, v. *Food Machinery & Chemical Corp.*, 382 U.S. 172 (1965).

Respondents are petitioners in No. 711, in which they pray that this Court review that part of the Court's order in this case which is final; namely, its decision that the patent sued upon is invalid. Respondents hereby renew their prayer in No. 711.

If this Court grants Respondents' prayer in No. 711, it will have before it all of the issues which are ripe for review. This will include the extremely important issue which Petitioners herein as well as these Respondents urge this Court to review because of its importance and urgency and the diversity of views of lower courts: namely, the procedural requisites and standards applicable to the prosecution of applications before the Patent Office. As the Petition herein states: "Without guidelines from this Court, lower courts are still grappling with the problem with uneven result" (Petition in No. 705, p. 11).

STATEMENT [2]

The Fifth Circuit held that the patent upon which Respondents (Beckman and Clark) had brought this action, is invalid on the grounds that the claim sued upon had been anticipated by a prior device and because Respondents had not advised the Patent Office of this allegedly prior device. (App. A23) Petitioners and Respondents are in agreement that the Court of Appeals did not make any finding of willful misrepresentation or fraudulent conduct. (Petition in No. 705, p. 8)

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[2] Respondents do not accept Petitioners' statements and characterizations of the record, often devoid of record references; but since the merits of this Petition are not affected, Respondents do not burden this Brief in Opposition by a detailed statement.

In No. 711, Respondents seek review of this decision on the grounds (1) that it is in conflict with this Court's holding in *United States* v. *Adams*, 383 U.S. 39 (1966), and that it is clearly at variance with this Court's "functional approach to questions of patentability" which requires "a comparison between the subject matter of the patent . . . and the background skill of the calling." *Graham* v. *John Deere Co.*, 383 U.S. 1, 42 (1966); and (2) that it erroneously establishes, for the first time, a procedural requirement for the prosecution of patents which is at variance with Patent Office practice and decisions of other courts: namely, that an applicant's failure to cite a prior art device which the court deems anticipatory invalidates a patent *even in the absence of willful misrepresentation or fraudulent conduct. Cf. Precision Instrument Mfg. Co.* v. *Automotive Maintenance Machinery Co.*, 324 U.S. 806 (1945); *Walker Process Equipment, Inc.* v. *Food Machinery & Chemical Corp.*, 382 U.S. 172 (1965).

The Fifth Circuit, having held the patent invalid, remanded the case to the District Court on Petitioners' counterclaim. As stated by Petitioners herein, the Court of Appeals directed the District Court "to determine whether Respondents indulged in knowing misrepresentation of material facts, have market power in some relevant market, have used that power unlawfully, and have directly caused Petitioners to suffer damage . . ." (Petition in No. 705, p. 4).

In this petition (No. 705), Petitioners Chemtronics and Neville seek review of the order of remand. They request this Court to decide whether the failure to cite allegedly prior art to the Patent Office constitutes, *per*

se, a violation of the antitrust law *even in the absence of a finding of fraudulent conduct or willful misrepresentation*, and without inquiring into the contours of the market, the existence of market power and the unlawful use of market power to Petitioners' damage.

In substance, Petitioners herein (No. 705) ask this Court to set aside the Court of Appeals' order of remand on the ground that it should have directed the District Court to grant summary judgment in the absence of the usual and basic findings upon which antitrust liability must be based.

Both sides agree that this Court should grant certiorari and that it should review the question of the duty of applicants with respect to the citation of prior art before the Patent Office. Petitioners urge this review in an antitrust context which is premature. Respondents urge the review in respect of the Lower Court's final decision as to the invalidity of the patent.

We respectfully submit that Respondents' Petition in No. 711 raises all the issues in this case which are ready for review, including the procedural requisites and standards which should govern applicants before the Patent Office, and that the present Petition (No. 705) is premature and should be denied. *Walker Process Equipment, Inc.*, v. *Food Machinery and Chemical Corp.*, 382 U.S. 172 at p. 178 (1966).

REASONS FOR OPPOSITION

While we agree with Petitioners herein that certiorari should be granted to review the judgment of the Court of Appeals, we differ as to the scope and object of the review. Respondents clearly cannot at this junc-

ture obtain review of their antitrust counterclaim. There are no findings by the District Court or the Court of Appeals on the relevant issues. The District Court found that the Clark patent is valid and was validly obtained, without fraud or bad faith. (App. A8) But it held that the patent was not infringed. (App. A12) And since the alleged improper procurement was the only basis of the claimed antitrust liability, the District Court dismissed the antitrust counterclaim. (App. A8) The Court of Appeals, holding that the patent was invalid, remanded to the District Court for further proceedings on the antitrust claim, pursuant to the standards laid down by this Court in the *Walker Process* case. (App. A40-41, fn. 27)

Walker Process forecloses the relief that Petitioners seek: namely, review of the order of remand and a holding by this Court, in substance, that Petitioners are entitled to recover on their antitrust counterclaim without findings on questions such as fraud, the relevant market, use of monopoly power and damage to Petitioners. In *Walker Process*, the defendant had filed a counterclaim for antitrust relief in a patent infringement suit, alleging that the patent had been obtained on the basis of a false affidavit and that the patent ownership had impaired the defendant's business. This Court remanded the case to give the defendant the opportunity "to prove the alleged fraud, and to establish the necessary elements of the asserted § 2 violation" (382 U.S. at p. 178). The purpose of the remand was to allow the defendant to prove that plaintiff "obtained the patent by knowingly and willfully misrepresenting facts to the Patent Office" and to establish the remaining elements necessary for antitrust liability.

The Court expressly rejected Walker's claim for judgment without such proof and findings. It said that

> "[The claim] appears to be based on a concept of *per se* illegality under § 2 of the Sherman Act. But in these circumstances, the issue is premature. As the Court summarized in *White Motor Co.* v. *United States*, 372 U.S. 253, 83 S. Ct. 696, 9 L. Ed. 2d 738 (1963), the area of *per se* illegality is carefully limited. We are reluctant to extend it on the bare pleadings and absent examination of market effect and economic consequences". (382 U.S. at p. 178)

In the present case, Petitioners seek to establish a *per se* violation of the antitrust law based upon the Court of Appeals' erroneous conclusion that there is an absolute duty upon applicants to advise the Patent Office of all prior art and that failure to do so invalidates the patent. Petitioners and Respondents agree that the "uncompromising duty" which the Court of Appeals herein imposes upon patent applicants is of far-reaching importance and urgently requires this Court's consideration. As we stated in our Petition in No. 711, there is no such requirement of disclosure in Patent Office procedure, and the Court of Appeals' formula goes beyond any proposals that have been considered. Indeed, as we have stated, when the Clark application was before the Patent Office, there was no practice of disclosure of prior art. (Petition in No. 705, p. 13). Petitioners herein do not and could not deny that statement, but they state that "If that argument can be made, twenty-five years after the *Precision Instrument* case and five years after *Walker*, the law of fraudulent procurement of patents is in dire need of attention from this Court." (Petition in No. 705, pp. 13, 14). Our statement is correct, as counsel for Petitioners know. There is not and never has been a duty

to cite prior art to the Patent Office. The Fifth Circuit in this case erroneously postulates such a rule, and holds that failure to have observed it invalidates the patent—a ruling which will invalidate thousands of outstanding patents obtained pursuant to established practice.

This Court has never passed upon the point. In No. 711 we have requested this Court to grant certiorari for that purpose.

An additional and fundamental reason is apparent for denying the petition for certiorari in this case (No. 705). If this Court grants the writ for which we pray in the Beckman-Clark petition, No. 711, and reverses the Court of Appeals with respect to the effect of failure to advise the Patent Office of prior art, this case may be concluded and the issues raised by Petitioners in the present proceeding, No. 705, will not require adjudication.

For the reasons stated, Respondents herein respectfully submit that the Petition for Certiorari herein be denied, and repeat their request that the Writ of Certiorari issue in No. 711.

Respectfully submitted,

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